Surviving the market's ups and downs

Checking the balance in your workplace retirement plan after a sharp downturn can be hard on your nerves. For many of us, it's the biggest investment we have, and whether we're ready to retire or we're decades away from needing our savings, a period of negative returns can be tough to survive. Market volatility will always be with us, but there are four things to keep in mind to help you manage through a downturn:

1 CONSISTENT APPROACH

Remember, retirement investing is a long-term commitment. While sudden shocks to the market can make it tempting to head to the sidelines, that approach can lock in losses if you miss a recovery. Staying in the market, and resisting the temptation to time its ups and downs, makes sense. Remember, your target date fund is designed to manage risk with your long-term objectives in mind.

RETIREMENT INVESTORS WHO STAYED IN THEIR PLAN FROM 2007 THROUGH 2013 SAW THEIR AVERAGE ACCOUNT BALANCES INCREASE BY 86%[1]

2007
$79,882

2013
$148,399

2 APPROPRIATE INVESTMENT MIX

Target date funds manage your exposure to volatility based on where you are in your career to retirement and beyond. So while volatility in the short term may seem rough, it becomes less of a concern over your long term path to retirement.

EARLY IN YOUR CAREER:

Target date funds take a more aggressive approach to investing earlier in your career, seeking to maximize returns.

RETIREMENT:

Target date funds have a more conservative investment mix at retirement to reduce risk.

YEARS AFTER RETIREMENT:

Target date funds continue to invest after retirement to provide the potential for continued growth and spending.

3 PROFESSIONALLY MANAGED

Target date funds maintain an unemotional approach to investing with the goal of making your nest egg less vulnerable at the point you would like to begin withdrawing money. By selecting a single target date fund, investment professionals can keep you on course by diversifying your portfolio with an appropriate mix of growth and conservative investments.

TARGET DATE FUNDS:

- ✓ Professional management
- ✓ Diversified investments
- ✓ Adjusted over time

4 CONTRIBUTE REGULARLY

Contributing to your retirement account on a regular basis, such as per-paycheck, may lead to a better outcome when markets are volatile. This is because you can buy fewer shares when the market is high and accumulate more shares at a lower cost during a falling market, a concept known as dollar-cost averaging. Dollar-cost averaging may help to minimize your downside risk during a market decline. Also, it may lower your total average cost per share of your investment.

To learn more about the LifePath® Target Date Funds available in your plan, visit your plan's website.

1. Investment Company Institute, "What Does Consistent Participation in 401(k) Plans Generate? Changes in 401(k) Account Balances, 2007-2013." The average 401(k) account balance for consistent participants fell 25.8 percent in 2008, then rose from 2009 through year-end 2013. Overall, the average account balance increased at a compound annual average growth rate of 10.9 percent from 2007 to 2013, to $148,399 at year-end 2013.

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LifePath target date funds are invested mainly in U.S. and global stocks early on, shifting to more conservative investments, such as bonds, as investors get closer to retirement. The target date is the approximate date when investors plan to start withdrawing their money. The blend of investments in each portfolio are determined by an asset allocation process that seeks to maximize assets based on an investor's investment time horizon and tolerance for risk. Typically, the strategic asset mix in each portfolio systematically rebalances at varying intervals and becomes more conservative (less equity exposure) over time as investors move closer to the target date. The principal value of a fund is not guaranteed at any time, including at and after the target date.

Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Index returns are for illustrative purposes only and do not represent actual Fund performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Collective fund performance assumes reinvestment of income and does not reflect management fees and certain transaction costs and expenses charged to the fund. Actual results may differ depending on the size of the account, investment restrictions, when the account is opened and other factors.

Prepared by BlackRock Investments, LLC, member FINRA.

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